

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

This bill would provide for lower taxes for K-12 public classroom teachers in counties and municipalities where this additional tax homestead exemption is granted pursuant to general law.

B. EFFECT OF PROPOSED CHANGES:

Currently, no specific homestead tax exemption is authorized applicable solely to K-12 public classroom teachers.

This bill proposes an amendment to Art. VII, s. 6, State Constitution to authorize the Legislature to enact general law allowing counties and municipalities to grant an additional homestead tax exemption not exceeding \$25,000 to K-12 public classroom teachers.

The bill provides that such general law must allow this exemption by ordinance adopted by a county pursuant to its authority under general law; and that the ordinance may provide for administration of the exemption. Additionally, a recipient of this exemption must apply to renew this exemption annually and must provide proof of eligibility.

The bill includes ballot language to be placed before the electors of the state for approval or rejection at the general election to be held in November 2004.

Background/Ad Valorem Taxation

Art. VII, s. 1, State Constitution, preempts to the state all forms of taxation other than ad valorem taxes levied upon real estate and tangible personal property, except as provided by general law. Art. VII, s. 9, State Constitution provides that counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes, and limits these taxes to 10 mills for all county purposes, 10 mills for all municipal purposes, and 10 mills for all school purposes. Additional millage may be levied for the payment of bonds and taxes levied for a period not longer than two years when authorized by vote of the electors.

Exemptions from Taxation

The Legislature is without authority to grant an exemption from ad valorem taxes where the exemption does not have a constitutional basis. *Archer v. Marshall*, 355 So.2d 781 (Fla. 1978). Art. VII, s. 3, State Constitution, provides for the following exemptions from ad valorem taxation:

- All property owned by a municipality and used exclusively by it for municipal or public purposes is exempt from taxation;
- Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law from taxation;

- Household goods, to every head of a family, in an amount fixed by general law, and property, to every widow or widower or blind or totally and permanently disabled person, in an amount fixed by general law, but not less than \$500, shall be exempt;
- Any county or municipality may grant community and economic development ad valorem tax exemptions, for the purpose of its respective tax levy, and subject to general law;
- By general law, an exemption is granted to a renewable energy source device and to the real property on which such device is installed; and
- Any county or municipality may grant historic preservation tax exemptions for the purpose of its respective tax levy, subject to the limits of general law.

Art. VII, s. 6, State Constitution, authorizes an exemption from ad valorem taxation for homestead property owned by a taxpayer and used as the owner's permanent residence or the permanent residence of another legally or naturally dependent upon the owner. The value of the homestead exemption is currently \$25,000 of the assessed value of the real estate. Section 196.031, F.S., primarily implements homestead exemption, although other statutory sections provide specific procedures and conditions, e.g., procedures for application for the exemption (s. 196.011, F.S.), the extent of the exemption (s. 196.041, F.S.), and the effect of renting homestead property.

In November 1998, the electors of Florida approved Amendment 3, to the State Constitution. This amendment created subsection (f), of Section 6, of Article VII, of the State Constitution, which provides:

The legislature may, by general law, allow counties or municipalities, for the purpose of their respective tax levies and subject to the provisions of general law, to grant an additional homestead tax exemption not exceeding twenty-five thousand dollars to any person who has the legal or equitable title to real estate . . . and who has attained age sixty-five and whose household income, as defined by general law, does not exceed twenty thousand dollars. The general law must allow counties and municipalities to grant this additional exemption, within the limits prescribed in this subsection, by ordinance adopted in the manner prescribed by general law, and must provide for the periodic adjustment of the income limitation prescribed in this subsection for changes in the cost of living.

Pursuant to the authority provided in Section 6(f), Article VII, of the Florida Constitution, subsection (2) of s. 196.075, F.S., allows both counties and municipalities, through adoption of an ordinance, to each grant an additional homestead tax exemption of up to \$25,000 to resident homeowners who have legal or equitable title to the real estate who are at least 65 years of age and whose household income does not exceed \$20,000.

C. SECTION DIRECTORY:

The joint resolution amends Article VII, Section 6 of the Florida Constitution to authorize counties and municipalities to grant K-12 public school classroom teachers an additional homestead tax exemption not to exceed \$25,000 each year.

The bill includes ballot language.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

There does not appear to be any fiscal impact associated with this bill as the bill merely authorizes the Legislature to enact future legislation that would then authorize counties and municipalities to grant the referenced homestead exemption.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

None.

Other Comments

The Sponsor indicated that his intention was to provide the authority for counties and municipalities to, at their discretion, grant a homestead tax exemption of up to \$25,000 for K-12 public school classroom teachers.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.